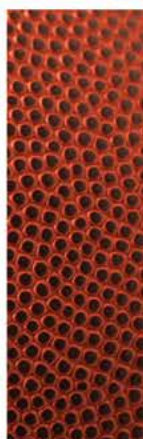


# CSAG

## CITIZENS' STADIUM ADVISORY GROUP

### Site Selection and Financing Plan for a New Multi-Use Stadium in San Diego

May 18, 2015







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May 18, 2015

The Honorable Kevin L. Faulconer  
Mayor, City of San Diego  
202 C Street  
San Diego, CA 92101

Dear Mayor Faulconer:

It is our honor to submit our report entitled, "Site Selection & Financing Plan for a New Multi-Use Stadium in San Diego."

On January 30, 2015, you announced the creation of the Citizens' Stadium Advisory Group (CSAG). You directed us to do two things: Select one of two proposed sites, and develop a fair and workable financing plan for a new multi-use stadium in San Diego.

Faced with this unprecedented task and pressure from competing stadium dynamics in Los Angeles, CSAG has successfully met its goals. We did so in 108 days, or four months before our original deadline.

We worked collaboratively with all stakeholders, reviewed an enormous amount of data from the past 12 years, hosted a public forum, interviewed dozens of industry experts and civic leaders and maintained an objective and independent eye toward solving one of the region's largest public policy issues. As a result of our collaboration, we are pleased to present our plan as a blueprint for initiating negotiations with the San Diego Chargers.

The attached report answers the two issues you asked us to resolve. A path to a new state-of-the-art stadium now exists in San Diego. We propose a stadium that is modern and efficient, occupying a smaller footprint than the existing stadium, and creating new opportunities and experiences for San Diegans and tourists. We selected the site that works financially for all parties involved. It meets the time constraints presented by the Chargers, and gives the City an opportunity to create an iconic place showcasing a restored and enhanced San Diego River Park and a new walkable entertainment and residential village linked to mass transit that is the new paradigm for smart urban planning and design.

Along with presenting this exciting vision, our plan spells out a list of important recommendations we believe are needed to complete the work we have started. It also addresses the concerns we have heard from the Chargers and the NFL, and reflects the dynamics of San Diego. The most important element – the financing plan – reflects a balanced and shared approach that works for the team, the City, the County and taxpayers. It also ensures a new level of financial competitiveness for the franchise without unduly burdening taxpayers.

Your leadership and our work created momentum that Chargers' fans have built upon. We believe San Diego's mega-region, home to more than 10 million people, is ready to support a new multi-use stadium where the Chargers can thrive, and San Diegans can enjoy a wide range of entertainment and event activities as suggested in our report.

# **CSAG** CITIZENS' STADIUM ADVISORY GROUP

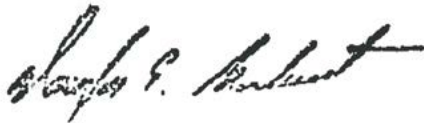
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Thank you for selecting us to serve you in addressing this critical civic matter. We wish you, the City Council, the County of San Diego, and the broader mega-region, the best of luck as you embark on the next phase of this effort. We stand ready to provide further assistance if needed.

Sincerely,



**Adam Day**  
Chairman



**Doug Barnhart**



**Rod Dammeyer**



**Walt Ekard**



**Aimee Faucett**



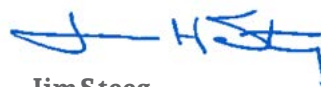
**Jason Hughes**  
Co-Chairman



**Mary Lydon**



**Jessie Knight**



**Jim Steeg**

# **CSAG** CITIZENS' STADIUM ADVISORY GROUP

## Site Selection and Financing Plan for a New Multi-Use Stadium in San Diego



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# Executive Summary

San Diego Mayor Kevin L. Faulconer announced the formation of the Citizens' Stadium Advisory Group (CSAG) on January 30, 2015, to chart a workable path to building a new multi-use stadium in San Diego that protects taxpayers and creates a win-win solution for the Chargers and San Diego. The committee is composed of nine civic leaders with experience developing large-scale projects and financing plans.

## CSAG's Plan at a Glance:

- No tax increases.
- No increases to the City's General Fund.
- Does not rely on development to pay for the stadium, parking or stadium-related infrastructure.

## Mayor Faulconer asked the committee to do two things:

1. *Select the existing Mission Valley site or the Downtown site for a new multi-use stadium.*
2. *Develop a financing plan to pay for the facility.*

"It's time for us, as a community, to come together to decide the future of the Chargers in San Diego," Mayor Faulconer said at the time. "This independent group will give San Diegans the first real plan. These expert volunteers will explore all possibilities to finance the project, with the clear direction from me that it must be a good and fair deal for San Diego taxpayers."<sup>1</sup>

CSAG completed its work in 108 days, or four months before its original deadline, and two days ahead of the accelerated deadline the committee agreed to early in the process.

CSAG concluded a new multi-use stadium in Mission Valley is the most viable option, and would cost approximately \$1.1 billion, excluding land. To pay for the facility, CSAG outlines revenue streams that exceed \$1.4 billion without increasing taxes.

CSAG's plan lays out a clear and workable path to a new multi-use stadium in San Diego that is fair for everyone, including taxpayers.

In addition to breaking down costs and funding sources, this report explains how the Chargers, the City and County would recoup its investments.

CSAG's financing plan is the first of its kind in San Diego and represents an important break from the past. After years of little progress, due to the collapse of the real estate market, the Great Recession and other issues, CSAG's plan should immediately jump-start negotiations. The City, the County and the Chargers will need to work together to fill in the framework CSAG created.

When the Chargers met with CSAG this past February, the team outlined what it called "guiding principles" that CSAG's financing plan should meet.<sup>2</sup> The committee had made these assumptions prior to meeting with the Chargers and is confident its plan:

- Avoids a two-thirds vote of the electorate (because it does not include a tax increase).
- Will gain the support of the Mayor and a strong majority of the City Council.
- Recognizes the economic realities of our local marketplace and the NFL.
- Does not require "perfectly controlled laboratory conditions" to succeed.

The mega-region San Diego anchors includes more than 10 million people, many of whom have decided keeping the Chargers is a priority. This report should signal to the team that it is time to focus on remaining in San Diego.



For many reasons, including a commitment by the City and County to work with the team to resolve this issue, more progress has been made in the last 4 months than the last 12 years, when the Chargers first introduced plans for a new stadium.

**For the first time in a long time, a fair and workable plan is on the table, one that provides the Chargers with a clear path to remain in San Diego, which is what the team has repeatedly said it wants.**

Based on its research, experience, and meetings with numerous stadium builders and architects, the Citizens' Stadium Advisory Group has concluded a new multi-use stadium at the team's existing Mission Valley location would cost approximately \$1.3 billion including land. This estimate includes:

- \$950 million for the stadium.
- \$204 million for structured parking and stadium-related infrastructure.
- \$180 million (the value of 60 acres of land from the City).

The cost drops to \$1.1 billion when the land value is backed out, and is based on construction starting no later than 2018.

To pay for the proposed stadium, parking, stadium-related infrastructure and operations and maintenance, CSAG's financing plan includes 60 acres of land from the City of San Diego valued at \$180 million, and more than a dozen funding sources that exceed \$1.4 billion, including:

- \$300 million from the Chargers
- \$173 million in bondable construction capital from the team's rent.
- \$200 million from the NFL.
- \$121 million from the County of San Diego.
- \$121 million from the City of San Diego.
- \$225 million from the sale of 75 acres of land.
- More than \$100 million from fans, who would contribute through the purchase of Personal Seat Licenses (PSLs), and ticket and parking surcharges.

**CSAG's financing plan does not rely on tax revenues from development to pay for the stadium, structured parking or stadium-related infrastructure. Moreover, it does not include any new City general fund dollars.**

In addition to the stadium, structured parking and stadium-related infrastructure, CSAG's report outlines \$144 million in estimated future infrastructure costs that would be necessary for the housing, shops, restaurants, and related development that could be built near the stadium. To cover these costs, CSAG recommends revenue streams that include \$116 million from an Enhanced Infrastructure Financing District (EIFD), and \$40 million from Transient Occupancy Tax (TOT) gained from the construction of a new hotel.

CSAG recommends the following for the existing 166-acre Mission Valley site:

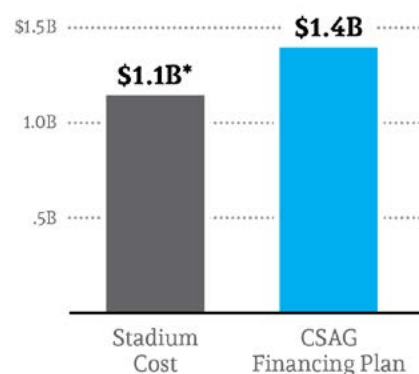
- 60 acres of City-owned land be used for the new stadium, parking and a fan plaza.
- 31 acres be carved out to expand a restored and enhanced San Diego River Park.
- 75 acres be sold to a developer.

CSAG recommends the tax revenue from the 75-acre development should pay for community benefits (including parks, additional parking, road and transit upgrades), and to help the City and County recoup its capital costs.

Under CSAG's stadium proposal, the Chargers would earn many millions of dollars more a year, and the City and the County also stand to benefit.

It has been an honor for CSAG to have played a role in jump-starting this process. The committee looks forward to a successful outcome that keeps the Chargers in San Diego, playing NFL football in a new state-of-the-art multi-use stadium that also hosts San Diego State University, the Holiday and Poinsettia Bowls, and numerous events that benefit our mega-region.

#### **CSAG's financing plan exceeds anticipated costs:**



*\*Not including land from the City valued at \$180 million.*

# Summary of CSAG's Work

Building a fair and workable financing plan to serve as the blueprint for negotiations began with research, and it was research that drove CSAG's decisions.



In less than four months, CSAG met with Chargers' representatives, NFL executives, fan groups (including Save Our Bolts, Bolt Pride, and the San Diego Stadium Coalition), Chargers alumni, and other stakeholders, including representatives with the County of San Diego, San Diego State University, and the San Diego Bowl Game Association.

The committee also met with labor groups and developers, as well as stadium architects, including New York-based MEIS and Dallas-based HKS Architects.

At CSAG's request, MEIS designed artist renderings of a new multi-use stadium in Mission Valley.

Stadium design veteran Dan Meis, FAIA, is the Founder and Managing Principal at MEIS. He was the lead designer for the Staples Center in Los Angeles and two existing NFL stadiums—Paul Brown Stadium in Cincinnati and Lincoln Financial Field in Philadelphia. MEIS currently is working on renovations at Paul Brown Stadium and designing a new 60,000-seat soccer stadium in Rome, Italy called “Stadio Della Roma” that includes a mixed-use entertainment village similar to “LA Live” at Staples Center.

HKS Architects designed AT&T Stadium in Dallas and Lucas Oil Stadium in Indianapolis. HKS also is designing the stadium under construction in Minneapolis, Minnesota for the Vikings, as well as the proposed NFL stadium planned for Inglewood, California.

CSAG also consulted with Clark Construction Group, one of three companies that built Petco Park, home of the San Diego Padres; AECOM, which designed numerous sports stadiums, including CenturyLink Field, home to the Seattle Seahawks; Turner Construction Company, which constructed Levi's Stadium, home to the San Francisco 49ers; and numerous investors interested in financing a new stadium in San Diego.

CSAG was self-funded. It received no contributions from outside the nine-member group and no funding from the City of San Diego. It paid for all of its expenses, including a public forum it hosted, and for the services of a communications professional. The committee did receive a tremendous amount of support and information, including new plans and designs, from San Diego's business community, which was instrumental to CSAG's work.

The City Attorney was the only individual who declined an invitation to meet privately with the committee, and recommended that CSAG not meet with the consultants the City and County retained to vet CSAG's financial report.

# Site Selection

Given the accelerated timeline the NFL and the Chargers established, the Mission Valley site emerged as the only option that leads to a ribbon cutting ceremony at a new stadium before the end of the decade.

The path to a new multi-use venue in San Diego exists largely because of Mission Valley.

# Mission Valley

The current Mission Valley site, home to Qualcomm Stadium, holds a great deal of appeal from a financial standpoint due to the fact that the City and the City's Water Department own the land.

The land, which is already zoned for a stadium, fast tracks the region's ability to retain the Chargers, with estimates the site could be shovel-ready by 2017 and built within 30 to 36 months.

The proposed stadium CSAG recommends includes a modern and efficient design and a smaller footprint than the existing stadium, and the area around it has tremendous potential.

It includes plans to restore and enhance the San Diego River Park. Improvements could include opening the river to walking and biking paths, transforming a grossly underutilized Mission Valley site into an iconic destination recognized around the world.

With an existing trolley stop at the stadium, the site is transit-friendly and offers better parking and tailgating opportunities than the Downtown location CSAG analyzed. It is two trolley stops away from San Diego State University, creating strong partnership opportunities with a university that hosts its football games at Qualcomm Stadium.

With 166 acres, the Mission Valley site is expected to become a year-round destination for fans, residents and tourists that could include a sports museum,

an entertainment district, a river park, and other attractions people want to visit. There also is room to grow because the City owns 45 adjacent acres.

The site is expected to generate tax revenues to pay for public facilities that provide community benefits including, but not limited to, parking and transit facilities, parks and infrastructure upgrades. The revenues also would generate income for the City and County to help recoup its capital investments.

It is estimated the development would include a hotel, meaning TOT funds would be available.

Once all phases are complete, the developed property, excluding the stadium, could be worth \$3 to \$4 billion based on CSAG's research.



*A proposed San Diego River Park sketch drafted by Rick Engineering.*



## Support for Mission Valley

The potential of the existing Mission Valley location has not been lost on the Chargers. Over the years, the team has aggressively campaigned for the site.

“Redeveloping the site makes a lot of sense,” the Chargers wrote in 2003. “The site can be transformed from an empty parking lot into a unique and vibrant

new community that rivals the best in the world.” The team added: “One hundred acres of asphalt surrounds Qualcomm stadium. For 350 days a year, this parking lot remains largely unused. The Chargers’ concept turns it into a vibrant village with parks, condominiums and shops. Putting homes on transportation corridors is a top priority for this region. The Chargers’ concept embraces that notion and envisions affordable and market rate homes with an easy walk to the trolley station, which, by the way, is built specifically to handle the large crowds generated by a stadium.”

In October 2013, U-T San Diego columnist Nick Canepa wrote: “The drawing board for a new stadium in Mission Valley never was taken down. So the Chargers are going back to it.”<sup>3</sup>



*The Mission Valley site is home to Qualcomm Stadium.*

The Chargers are quoted in Mr. Canepa’s column as saying: “The Qualcomm site drawing board always was there. Now that the economic and housing issues have improved, redeveloping the Qualcomm site is something we’re discussing with our development partner (Colony Capital) as something of interest. A major international company, which I can’t name now, also is interested in partnering with us for stadium naming rights. The site is perfect for private development, for building an urban village.”<sup>4</sup>

This past February, when the Chargers met with the CSAG, the team described its site preference as “agnostic” and said it would be happy with a workable plan for either Mission Valley or Downtown.

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In an interview last month, the Chargers said: “If you can finance the stadium in a way that is acceptable to the public and the Chargers, then it doesn’t matter where it is. People are going to come to the games, no matter where they are.”<sup>5</sup>

CSAG agrees financing a new multi-use stadium plays the most important role in the reality of its implementation, and Mission Valley is a key driver behind the fair and workable financing plan CSAG developed.

## Downtown

If one were to move the proposed Mission Valley stadium Downtown, where the City does not own any land for a stadium, it would increase hard costs by at least a quarter billion dollars. The City would have to buy multiple parcels of land and pay to relocate and clean a large bus yard, a process expected to take up to 7 years.

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CSAG recognizes Downtown, at first glance, is an appealing location for a new stadium, but a close examination of the site reveals numerous problems that make it unworkable.

Multiple parcels would have to be purchased, which could lead to eminent domain issues and years of litigation, on top of uncertain real estate costs.

“It’s hard to assemble even 20 acres downtown...and the land east of Petco is both expensive and already occupied,” the Chargers said in 2009.<sup>6</sup>

Relocating the Metropolitan Transit System’s (MTS) bus yard is one of the difficult and expensive steps that would be required to try and piece together enough land for a Downtown stadium. In a February 2015 letter to CSAG Chairman Adam Day, MTS CEO Paul Jablonski said the relocation would take five to seven years and cost up to \$150 million.<sup>7</sup>

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For CSAG, the Downtown plan eventually became a non-starter because it relies on a tax increase of at least \$600 million<sup>8</sup> that would require support from two-thirds of the voters.

Numerous polls have shown San Diego voters would soundly reject such a tax increase.<sup>9</sup> The Chargers have proposed the City sell the Qualcomm and Sport Arena sites to a developer in order to raise money to purchase land Downtown.<sup>10</sup> The selloff would require a public vote, the outcome of which is far from certain.

Additionally, a SurveyUSA poll taken in January 2015 found San Diegans prefer the existing Mission Valley site over Downtown by a margin greater than 2 to 1.<sup>11</sup>

Other problems regarding the Downtown site include: lack of developable land; extremely limited tailgating options; issues with nearby residents; and complications surrounding the purchase of Tailgate Parkland from the California Department of Finance.

In April 2014, the Chargers were quoted extensively in a U-T San Diego story about the team’s renewed optimism for a stadium at either location—Mission Valley or Downtown.

That story is headlined: “Chargers eye 2016 ballot measure,”<sup>12</sup> and was published months after Rams owner Stan Kroenke purchased land for his proposed stadium in Los Angeles. The article says “a working scenario would see a roughly \$1 billion stadium proposal go before voters in the November 2016 Presidential General Election. The Spanos family and investment partners would put up roughly \$400 million and seek a \$200 million loan from the NFL.”<sup>13</sup> The Chargers are quoted as saying: “We hope that our ongoing meetings with the Mayor’s staff will result in another proposal that can work for the city, the Chargers, and ultimately, the voters.”<sup>14</sup>

CSAG told the Chargers and the NFL that if the team was set on Downtown the committee would work to make it happen if the Chargers bought the land needed for a new stadium and extended its lease at Qualcomm Stadium.





# San Diego Stadium Assessment



The Chargers are supported by a fiercely loyal fan base, and the team has an organic reach that is easy to see, especially on gamedays. The Chargers bring San Diegans together.



Against the backdrop of the stadium tug-of-war with Los Angeles, ongoing contract issues with the team's franchise quarterback, one playoff appearance in the last five years, and a 2015 decision by the league to lift TV blackouts, one would not expect an uptick in season ticket sales. But fans are rallying around the Chargers. "Based on new season-ticket sales and season-ticket renewal numbers, we are approximately 4,500 season tickets ahead of last year's pace," the team said in early May.<sup>15</sup>

So why has a stadium solution not surfaced until now? Why is this time different?

The stadium issue in San Diego has been around for more than a decade. The Chargers first introduced a plan for a new stadium 12 years ago, following a letter the team sent to Mayor Dick Murphy in 2002 expressing concerns about its viability in the existing facility. The team's stadium pursuits included several concepts at numerous sites, including Mission Valley and Downtown.

It is not accurate to suggest any one person, group, or issue thwarted the team's efforts. Multiple factors played a role, including the infamous "ticket guarantee" between the City and the Chargers, which cost San Diego taxpayers tens of millions of dollars and was not lifted until the 2004 season. This adversely affected the political climate for a new stadium at City Hall.

City leaders then faced a \$2 billion pension deficit that nearly bankrupted the City.<sup>16</sup> The pension crisis was resolved, but the real estate collapse hit San Diego hard, as did the Great Recession.

## LA Threat Surfaces

In the latter half of 2014, speculation about the Chargers potentially moving to Los Angeles began.<sup>17</sup>

The rumors became reality in February 2015, less than a month after Mayor Faulconer announced the formation of CSAG and his pledge to resolve San Diego's stadium issue. The mayor shared these messages during his first State of the City. At the time, he was in office 10 months.

On February 20<sup>th</sup> of this year, the Chargers announced plans for a joint stadium with the Oakland Raiders in Carson, California. The news came as a surprise to everyone in San Diego.

According to NFL bylaws, any team that wants to relocate needs the support of two-thirds of the league's owners, or 24 of 32 NFL franchises.<sup>18</sup> The owners want to know what has been done to build a new stadium in the existing market, what's being planned, and whether that market can sustain a franchise well into the future.



Faced with multiple proposals by NFL teams interested in moving to Los Angeles, the league formed the "Committee on Los Angeles Opportunities" earlier this year. The committee is made up of six NFL owners tasked with analyzing stadium plans from existing markets and for L.A.

League executives have told CSAG that members of its group and City representatives would likely be invited to present to the Committee on Los Angeles Opportunities this summer.

The Chargers have not filed for relocation with the league, but the team has said it would be forced to do so if either the St. Louis Rams or the Oakland Raiders file for relocation.<sup>19</sup> Rams owner Stan Kroenke is proposing a privately funded stadium in Inglewood, California that would be capable of housing two home teams.

The Chargers have not released the financing plan for Carson but have said the stadium would be privately financed and based primarily on a record number of sales of PSLs. The team also has said its financing plan would remain viable if the Raiders work out a deal to remain in Oakland.<sup>20</sup>



## San Diego Responds

In San Diego, the Chargers met with CSAG in February, and joined an April meeting with members of CSAG and NFL Executive Vice President Eric Grubman. The Chargers also built a website for CSAG and stocked it primarily with public information.

While unsettling to many Chargers' fans, the efforts to bring NFL football back to L.A. galvanized San Diego.

The past became the past, San Diego dug in, and a massive regional effort surfaced. The hashtag #SaveOurBolts became ubiquitous. Rallies were held. Sports talk radio lit up. News coverage of the stadium issue moved from random to constant, and from the sports page to the frontpage.



San Diego is engaged, and the timing could not be better. The political will exists to see this project through, and the City and County are on solid financial footing. Those reasons, and others, make this time different.

Numerous people and organizations deserve credit, including former Chargers and fan groups who represent tens of thousands of people, many of whom have donated time and money to keep the Chargers in San Diego.

The team has been here for 54 years, and CSAG and many others want to ensure the San Diego Chargers are a member of the NFL family indefinitely.

One of CSAG's goals was to present a plan that would improve the Chargers' finances. The team has been open about its struggles to remain competitive with teams who earn more money largely because they play in newer stadiums that generate more revenue than Qualcomm Stadium, which was built 48 years ago.



The Chargers have said they want to share in the costs of a new municipally-owned stadium in San Diego. The team, however, does not want the public's share to rely on development because of the time it would take for those revenues to be realized. Mr. Grubman relayed a similar message when he met with CSAG, encouraging the committee to eliminate the risk if its financing plan included mixed-use development.

CSAG agrees there are better and faster approaches to financing a stadium, which is why its plan does not rely on tax revenues from development to pay for the stadium. The committee, however, was careful not to limit potential options while crafting its financing plan. It heard from numerous developers and private investors who want to fund all or part of the Mission Valley project. CSAG referred these requests to the City.

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The landscape in San Diego is essentially risk-free. This is the team's home, and a plan now exists to keep them here—in a world-class region.

"The San Diego region is thriving and growing," according to an April 11 commentary in U-T San Diego written by members of the Strategic Roundtable, 32 retired executives and longtime San Diego civic leaders. "San Diego has the highest percentage of 18-35 year olds in the United States, and has three strong economic drivers – innovation, military, tourism – that are growing jobs across the county."

"Chargers fans come to San Diego from the surrounding mega-region, which includes Tijuana (population 3 million), south Orange County (population 3 million) and parts of Riverside (population 2 million). Combined, we draw fans from a population of more than 10 million people. We have an economically sustainable region that will continue to support the NFL, including future Super Bowls, as much as it has for the past 54 years."<sup>21</sup>

America's 8th largest city, San Diego is home to 1.3 million residents, and San Diego County is home to 3.3 million residents. The County's population grew by 41,000 in 2013; only three other counties across the United States added more residents that year.<sup>22</sup>



# Costs

## How much would the new municipally-owned stadium cost?

In determining the probable cost of a new stadium in Mission Valley, CSAG noted that since 2009 no NFL stadium project has cost less than \$1 billion. CSAG researched the cost of recently constructed stadiums and reviewed the following estimates for stadium construction:

- Two estimates from Clark Construction Group for construction of two Los Angeles stadiums that were not built.
- An estimate from Turner Construction Company for a stadium on the existing Mission Valley site.
- An estimate by CB Urban Development and Rider Levett Bucknall for a stadium on the existing Mission Valley site.<sup>23</sup>
- A stadium-only estimate prepared by Cumming Construction to evaluate the feasibility of a combined Convention Center/Stadium facility.
- The Mission Valley Stadium Private Financing Proposal prepared by the San Diego Stadium Cooperative Coalition.

In evaluating the above information, CSAG had to make adjustments for estimate inclusions and exclusions to determine the most likely probable cost for a new stadium, including parking and related stadium infrastructure costs.

Assuming the stadium will contain approximately 1,650,000 square-feet of gross area and 65,000 seats, with room for 72,000 seats for Super Bowls and College Football Championship Games, the probable cost of a new facility – including land, parking and stadium-related infrastructure – is estimated at \$1.33 billion. With the land backed out, the cost drops to \$1.15 billion and is based on a construction start no later than 2018.

It is worth noting that the six most recent NFL stadiums opened or under construction “would cost an average of \$1.5 billion dollars if constructed in Southern California,” according to a report released in April, 2015 by the National University System for Policy Research.<sup>24</sup> The average includes four extremely high-end stadiums in San

Francisco, Atlanta, New York and Dallas, each of which includes extravagant expenses covered by the team and not the public.

While the probable cost estimate of the proposed stadium in San Diego is lower than the \$1.5 billion average cost of the most recent premium NFL stadiums, a downward adjustment was made since the proposed stadium would be open air as opposed to covered. Additionally, transit facilities and other infrastructure that would be necessary to support a 65,000-seat stadium are already in place in Mission Valley.

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The proposed San Diego stadium MEIS designed for CSAG at the Mission Valley site includes a “canopy,” not a roof, to shade much of the seating bowl, and ensure a home field advantage by keeping crowd noise close to the field.

MEIS and other architects who have designed NFL stadiums told CSAG a stadium in Mission Valley would very likely be constructed to take advantage of San Diego’s wonderful year-round climate, meaning it would include ample design features that lower construction and operational costs, and let in natural breezes and sunlight.

There are roof options for the City, County and Chargers to consider, but CSAG recommends that a roof not be included because it would add roughly \$150 million to the project with negative returns anticipated for the investment.

The project as proposed would include land valued at \$180 million (\$3 million an acre for 60 acres) from the City of San Diego, \$204 million in stadium-related infrastructure and parking, and \$950 million for the stadium itself. The cost is all-inclusive and covers design, construction, permits, contingency, testing, inspection and financing. It also uses a Design-Build delivery system to ensure reliable



cost containment. CSAG recommends that the stadium be an open-air multi-use facility in comparable quality and amenities as other recent outdoor NFL.

The projected \$204 million of infrastructure includes \$144 million for a 12,000-vehicle parking structure and \$60 million in stadium-related infrastructure costs, including entry/exit improvements, and general site preparation such as utilities, earthwork and tailgate facilities.

CSAG received two estimates for infrastructure costs.<sup>25 26</sup> After accounting for structured parking and stadium-related infrastructure, which is paid for in the core financing plan, there was an additional \$144 million in future infrastructure costs for community amenities to support ancillary development, including general site preparation, utilities, earthwork, sidewalks, lighting, traffic enhancements, and parking. CSAG envisions these costs being paid by using an EIFD (a new statewide tool to help finance needed infrastructure and development projects) and TOT on a new 500-room hotel.

By using these tools, the value of the 75 acres of land to be sold by the City will be increased, providing additional revenues to fund the stadium and further minimizing the impact to the City's General Fund.



“The canopy would not only enhance the fan experience, but also would contribute to the stadium’s state-of-the-art TV broadcast capabilities by reducing glare and shadows and providing for optimal distribution of field lighting and stadium audio,” said stadium design veteran, Dan Meis.

*Conceptual renderings by MEIS showing the exterior(above) and interior(middle) of the new stadium.*

# Financing

## Paying for the new \$1.33 billion\* municipally-owned stadium and operations and maintenance

CSAG recommends the following funding sources to pay for the stadium (\$950M), structured parking, and stadium-related infrastructure (\$204M), or \$1.15 billion in costs.

CSAG assembled more than \$1.4 billion in funding recommendations. Determining the public-private split of the costs is one of the issues that will be resolved during upcoming negotiations between the Chargers, the City and the County.

Chargers	\$300M
NFL	\$200M
City Stadium Fund	\$121M** (\$7M/year over 30 years***)
County Stadium Fund	\$121M** (\$7M/year over 30 years***)
Personal Seat Licenses (PSLs)	\$60M (\$120M total split evenly with Chargers)
Chargers Rent	\$173M (\$10M per season) or 30 years***
SDSU Annual Rent	\$21.6M (\$1.25M/year) over 30 years***
Bowl Games Rent	\$21.6M (\$1.25M/year) over 30 years***
Developer Purchase (sale of 75 acres at \$3 million an acre)	\$225M
Ticket Surcharge	\$84.7M (\$4.75M/year) over 30 years***
Chargers Parking & Surcharge	\$26M (\$1.5M/year) over 30 years***
Additional funding sources stadium is expected to generate	\$50M over 30 years***
<b>Total Recommended Revenues</b>	<b>\$1.4 Billion</b>

\*Includes City land valued at \$180 million.

\*\*No new taxes.

\*\*\*Net Present Value based upon 4% discount rate over 30 years.



## Chargers/NFL

Twelve years ago, the Chargers offered to pay \$200 million, or half the cost of a new stadium in Mission Valley. Since that time, due to inflation and significant design changes, stadium costs have soared.

Based on CSAG's analysis and information from the Chargers, CSAG believes the Chargers can contribute \$300 million, backfilled by new and increased revenues explained on page 16 of this report.

The NFL has said the league would be willing to contribute \$200 million to build a new stadium in San Diego.

## City/County

CSAG discussed the recommended funding sources with City and County leaders.

The City currently pays approximately \$10 million a year to operate Qualcomm Stadium, including \$4.8 million in annual debt service for Qualcomm. The total remaining debt service is \$52 million and set to expire in 2026.<sup>27</sup>

CSAG has outlined more than \$1.4 billion in funding sources to pay for a new stadium costing roughly \$1.1 billion excluding land, and therefore recommends the City retire 100 percent of its Qualcomm stadium debt before the new stadium opens.

With proper third-party management, the expectation is the new stadium would breakeven, at a minimum, therefore the City would no longer be required to subsidize the operations of the stadium as it currently does.

Additionally, with the Qualcomm Stadium debt paid off, the City would not need to spend millions of dollars a year to retire that obligation. CSAG recommends that a portion (\$7 million a year) of the City's savings be used to contribute toward financing the new stadium.

The County's stadium sub-committee has assured CSAG it would partner with the City on financing, which is why CSAG recommends the County also contribute a minimum of \$7 million a year, or a lump sum payment of at least \$121 million.

## PSLs

While some have questioned San Diego's ability to sell a substantial amount of PSLs, the National University System Institute for Policy Research suggests that "San Diegans would likely support between \$100 and \$150 million in PSLs."<sup>28</sup>

In April, Mr. Grubman, the NFL's Executive Vice President, suggested to CSAG a figure of \$150 million for PSL sales in San Diego, with half going to the Chargers as part of the team's financial contribution for the new stadium.

CSAG estimates \$120 million in PSLs would be sold, half of which would help fund the public's share of the stadium. The other half would help the Chargers backfill its share of construction costs.

The Minnesota Vikings expect to sell \$125 million in PSLs for a new stadium scheduled to open next year.<sup>29</sup>

## Chargers Rent

The Chargers current rental agreement with the City of San Diego states that the team must pay "\$2.5 million for each Regular Football Season beginning with the 2004 Regular Football Season; \$3 million for each Regular Football Season beginning with the 2014 Regular Football Season through and including the 2016 Regular Football Season; and, \$4 million for each Regular Football Season through and including the 2020 Regular Football Season,"<sup>30</sup> when the lease is set to expire.

"The team's property taxes, some parking revenues, and the City's suite at Qualcomm" all count against what the Chargers pay, bringing the total to approximately \$1 million a year. Additionally, "the Chargers annual payment due to the City gets eaten away by a series of rent credits, which drastically reduces the team's bill. The City also pays the team each year as part of a settlement to a 2006 American with Disabilities Act lawsuit at Qualcomm."<sup>31</sup>

Rents across the league range and some are tied to concessions, parking and other revenue, so it is difficult to do an apples to apples comparison. The San Francisco 49ers are at the high end, paying \$24.5 million annually in rent.<sup>32</sup>

In Minneapolis, the Vikings will be responsible for \$13 million in annual stadium costs at the stadium under construction, with \$8.5 earmarked as rent, which climbs 3 percent a year until reaching \$20 million in Year 30.<sup>33</sup>

Based on comparable stadium costs and rent payments, CSAG recommends the Chargers pay rent of \$1 million a game, or \$10 million a year in Year One, with 3% annual increases for 30 years.

One million dollars per game is less than 10 percent of the expected gross revenues the team would earn on game days in the new stadium.

## Rent From SDSU & Bowl Games

San Diego State University's (SDSU) current contract with the City of San Diego expires after the last game of the 2018 season. Retaining SDSU as a tenant in the new facility would be both beneficial for the City, in helping to recoup costs, and for the University, providing SDSU's Division 1 football program with a premier state-of-the-art space to showcase its football team.

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CSAG recommends that an annual rent of \$1.25 million for 30 years (\$21.6M) is charged to SDSU.

Similarly, CSAG recommends that an annual rent of \$1.25 million for 30 years (\$21.6M) is charged to the San Diego Bowl Game Association.

CSAG met with officials from SDSU and the San Diego Bowl Game Association on several occasions, and they assured CSAG they want to be a part of San Diego's stadium solution. Ultimately, contributions from SDSU and the San Diego Bowl Game Association will be based on negotiations or market rate lease agreements and cover access to signage, premium areas, suites, locker rooms, etc. during their games/events.

## Developer Purchase

The local development community supports CSAG's estimate that 75 acres of the stadium site could be sold for \$3 million an acre for a total of \$225 million.<sup>34</sup>

## Ticket Surcharge

CSAG recommends a surcharge of \$5 be placed on Chargers tickets (roughly 650,000 attendees a year). CSAG also recommends a ticket surcharge of \$2 for all other events at the stadium (roughly 750,000 attendees a year).

Other NFL stadiums, including AT&T Stadium, CenturyLink Field, and Lucas Oil Stadium, charge as much as 10 percent in ticket surcharges.

## Chargers Parking & Surcharge

Based on a 12,000 parking-space structure and 10 games a season, with an average of \$25 a spot, parking for Chargers games would generate \$3 million a year in addition to \$360,000 annually from a surcharge of \$3 per vehicle.

CSAG recommends \$1.5 million of this annual revenue be bonded against for construction costs.

## Additional Funding Sources

CSAG has identified other revenue opportunities that have been used to pay for the cost of new NFL stadiums. It anticipates these sources would be able to raise and/or contribute in excess of \$50 million over a 30-year period. Among these items are the sale of seats from Qualcomm Stadium; sales of bricks and/or other recognition elements in the new stadium; naming rights within the stadium (not including suite or club level seating); capital contributions from concession vendors; and infrastructure support from sponsor participation, including non-alcoholic pouring rights, alcohol vendor support, and telecommunication companies support of services including Wi-Fi.

CSAG also researched the option to pursue "crowd funding" and believes there is an ability to raise funds similar to an approach the Green Bay Packers successfully used.<sup>35</sup>



# Non-Stadium Financing

Financing future infrastructure costs and creating revenue streams to help the City and County recoup capital costs and pay for operations and maintenance.

The committee settled on the following funding sources to cover future non-stadium related infrastructure costs (\$144 million), and provide long-term revenue streams for the City and County.

Enhanced Infrastructure Financing District(EIFD)	\$116M for 30 years or \$5.5M annually
Transient Occupancy Tax (TOT) – 500-room hotel	\$40M for 30 years or \$2.3M a year (10.5% TOT, 500-room hotel)
Non-Chargers event parking and surcharge	\$3M a year
Concessions from Non-Chargers events	\$1M a year

## Enhanced Infrastructure Financing District(EIFD)

Through the creation of an EIFD, CSAG believes the City and County, working with planners and developers, can ensure long-term revenue streams are opened from the 75 acres of land CSAG is recommending the City sell to a developer. These revenues would pay for public facilities that provide community benefits including, but not limited to, parking and transit facilities, parks, and infrastructure upgrades. The revenues also would generate income for the City and County to help recoup its capital investments.

Based on a low- to mid-rise mixed-use village concept consisting of 3,300 housing units, 1 million square feet of commercial space, 175,000 square feet of retail space, and a 500-room hotel, the tax increment available at market stabilization would conservatively yield \$5.5 million annually, resulting in roughly \$116 million in net present value based on a 30-year term and a 4% discount rate.<sup>36</sup>

Real estate markets change and CSAG realizes what makes sense today may not be what is best several years down the road when site development is in full swing. CSAG would encourage government leaders and planners to be flexible, in order to ensure the development maximizes land value, generates sufficient tax revenues to cover capital investments, and ensures the community's needs are met.

## Transient Occupancy Tax(TOT)

TOT is a fee accrued as a portion of the total booking cost from a hotel or motel room. It is estimated that a 500-room hotel could be built as part of a future mixed-use development adjacent to the stadium. Based on market comparisons of Mission Valley hotels with an Average Daily Rate of \$159, and assuming an occupancy rate of 75%, a 10.5% TOT rate would yield \$2.3 million per year, with a net present value over 30 years of roughly \$40 million.

# Revenue Opportunities: Chargers

## Revenue streams at the new stadium for the Chargers

Recouping the Chargers' construction costs through new and enhanced revenue streams.

Stadium naming rights	\$135M to \$165M (over 20 years)*
Naming rights at existing stadium while new stadium is under construction	\$15M (over 3 years)
Personal Seat Licenses (PSLs)	\$60M
Other	\$25M annually

*\*Net Present Value based upon 4% discount rate.*

Naming rights at the new stadium in Mission Valley are expected to range between \$10 million and \$12 million a year, according to CSAG's research.

In addition to naming rights and PSLs, CSAG identified approximately \$25 million in annual increases in team revenues from the use of a new stadium from the following sources:

- Increased general admission tickets pricing
- Increased concession sales at Chargers' games
- Increased premiums charged for club and special seating
- Increased premium charged for suite seating
- Ability to secure a premium suite waiver for 10 years
- Increased merchandise sales
- Increased signage and advertising
- Naming rights to club and suite levels
- Revenue from hosting a small number of events other than Chargers games



# Revenue Opportunities: City/County

## Opportunities at new stadium for the City and the County

Other than a small number of events hosted by the Chargers, the proposed multi-use stadium is expected to operate on a year-round basis and host in excess of 200 events, from Super Bowls to corporate events, generating revenue for the City and County for operations and maintenance costs.

It is acknowledged that the NFL is provided all revenue streams and a rent-free facility for a Super Bowl, and therefore no direct revenue can be attributed to that event.

The playing field at the new stadium should accommodate the needs of professional football as the home field for the San Diego Chargers and NFL events, including the Super Bowl and Pro Bowl. The field also should accommodate collegiate football as the home field for the San Diego State University Aztecs, as well as the Holiday Bowl and Poinsettia Bowl.

The facility also should accommodate the San Diego regional California Interscholastic Federation (CIF) High School football playoffs and championships. Additional field sport uses should be accommodated, including soccer, rugby, and lacrosse. The floor area should be able to accommodate large outdoor events, including motor sports, concerts, music festivals, and monster truck jams.

When HKS Architects met with CSAG, it said AT&T Stadium in suburban Dallas, which HKS designed, has become a revenue-generating machine. A little more than half of the stadium's revenues, HKS said, are generated from 3-day rodeos, rock concerts, and other events besides Dallas Cowboy games.



*MEIS rendering.*

## Revenue Streams

In San Diego, the stadium would be expected to host:

- College Football Championships
- International Soccer/MLS Expansion
- Opening kickoff game for NCAA/season
- Special in-season collegiate games
- Monster Truck Jams
- Motocross/Supercross
- Concerts
- Private events: Bar Mitzvahs; weddings; corporate events; proms; reunions
- Bars; breweries; restaurants open 365 days a year
- Music festivals
- RFP for rideshare company (Uber/ Lyft) to have game-day pickup/drop off zone in front of the stadium.
- CIF championships
- Tours of facility
- Film showings
- Movie, TV and Commercial shoots
- Broadcast NFL draft and away games
- Religious events
- Rodeos/Bull riding
- Events held at San Diego River Park
  - » Rugby
  - » Rec Leagues
  - » Youth sports
  - » Concerts
  - » Bowling
- Mountain Dew Tour/X Games
- Dog Shows
- MMA, WWE, Boxing
- 5Ks, 10Ks
- NCAA Championship Lacrosse
- Fantasy sports drafts
- Graduation ceremonies



College Football Championships



Concerts



Other major sporting events like MLS soccer, Motocross, and boxing.



10k runs, graduations and other family events.



# Next Steps

Based on CSAG's extensive review process and thorough analysis of the issues at hand, it recommends negotiations between the City, County and the Chargers commence immediately.

In addition, the outside financial experts retained by the City and County should simultaneously begin vetting CSAG's financing recommendations; work to determine the best way to complete the financing and retire the \$52 million debt the City owes on Qualcomm Stadium before the new stadium opens; and take the City and County portion of the financing plan to the bond market once terms are agreed to. The City and County also should begin soliciting proposals from investors and developers to purchase the 75 acres at the Mission Valley site, as well as stadium architects and builders.

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Further, CSAG recommends that a Joint Powers Authority (JPA) be formed between the County and City to oversee development and ownership of the stadium.

The City and County also should open negotiations with San Diego State University and the San Diego Bowl Game Association with the goal of securing long-term lease agreements for each organization.

The City and County should request an opportunity to present San Diego's stadium plan to the Committee on Los Angeles Opportunities, and NFL Executive Vice President Eric Grubman. This meeting should be held well in advance of the NFL owners meeting in October 2015.

Following the negotiations, the Chargers should launch and fund a citizens' initiative, like the team did this year in Carson, with the goal of gathering enough verified signatures and securing a City Council vote prior to the NFL owners meeting.

# Final Recommendations

## Recommended terms for negotiations with the Chargers

1. The Chargers should sign a 30-year lease with the JPA, and enter into a non-relocation agreement with the JPA.
2. The City and County should create a capital improvement fund for future maintenance and facility upgrades.
3. The City, County and Chargers should share the costs of operations and maintenance. These costs will rise over time so payments should be indexed to inflation.
4. The Chargers should assume the financial risks for naming rights. The team should also cover all construction overages and premium add-ons.
5. The City, County and Chargers should agree to draft a cooperative parking agreement with the owners of office towers in Mission Valley with parking lots that are largely vacant on nights and weekends. The idea would be for fans to park in these large office lots and receive a shuttle ride to and from Chargers games and other events. This service could continue to operate after stadium parking is constructed. It would give fans ample tailgating opportunities and thin out traffic around the stadium.

## Recommendations for the JPA

1. Explore parking options on the south side of the San Diego River to create additional parking and tailgating opportunities.
2. Work with State lawmakers on any environmental compliance issues that surface while also working with regional, state and federal agencies to secure any and all grants for transit, road/freeway work, and parks.
3. Hire a private stadium management company with a proven track record to manage the facility.

For reasons outlined in this report, a path to a new multi-use stadium in San Diego exists. A collaborative effort is needed to build on the momentum San Diegans have created. CSAG would encourage everyone to put San Diego first. If we do, we will achieve greatness, and our new stadium will be a constant reminder of what we can achieve together.

*Special thanks to CSAG's spokesman, Tony Manolatos with ApexStrategies.*

**APEX**  
strategies  
apexstrat.com

*Additional special thanks to reproHAUS for printing the report and to MEIS for creating the stadium renderings. The printing and renderings were done pro-bono.*

**reproHAUS**  
reprohaus.net

**MEIS**  
meisarchitects.com



# Endnotes

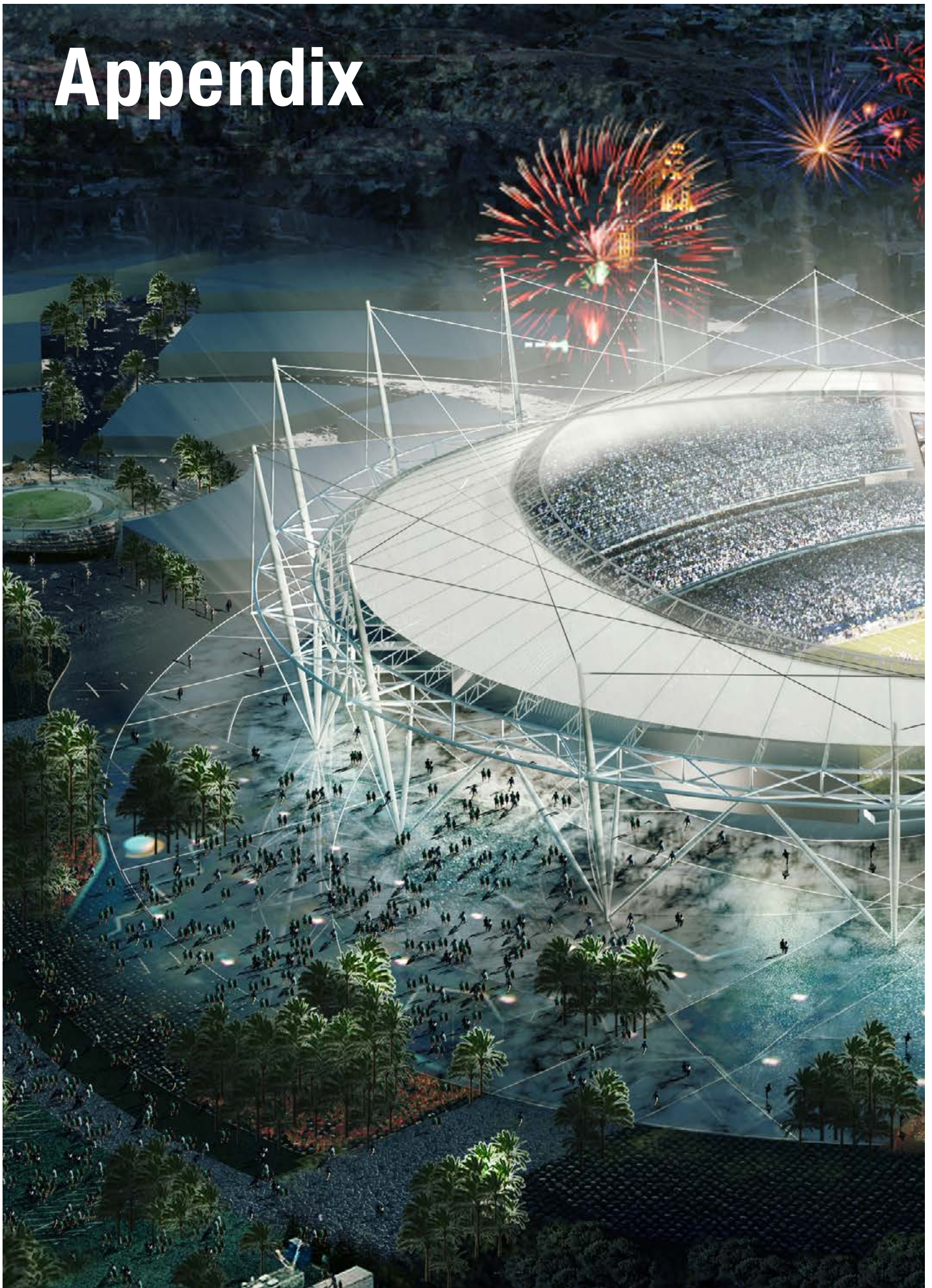
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# Appendix





# Citizens' Stadium Advisory Group–Bios

The Citizens' Stadium Advisory Group includes a Fortune 500 executive, a revered local government leader, a California State University Trustee, a former NFL and Chargers senior executive, and experts in the areas of finance, land use, real estate and construction of municipal stadiums. Meet the members of this well-rounded group:



**Doug Barnhart**

*Chairman of Barnhart-Reese Construction*

Douglas E. Barnhart is a long-time resident of San Diego and a civic and business leader. He is a San Diego County Planning Commissioner and a past member of the Qualcomm Stadium Advisory Board. He has served as a board member for the Greater San Diego Chamber of Commerce, San Diego International Sports Council and past San Diego Super Bowl Committees. Mr. Barnhart's construction companies built, or helped build, many San Diego landmarks, including Petco Park, San Diego Lindbergh Field Terminal 2, the Douglas and Nancy Barnhart Cancer Center at Sharp Chula Vista, Tony Gwynn Stadium at San Diego State University, the SDSU Gateway/KPBS, dozens of K-12 schools, and the San Diego Chargers Training Facility and Offices.



**Rod Dammeyer**

*Private Equity Investor*

Rod Dammeyer is chairman of CAC, a private company offering capital investment and management advisory services. He is a member of the boards of directors of Stericycle, Inc., and Quidel Corporation, in addition to being a trustee of Invesco Funds. A graduate of Kent State University, Mr. Dammeyer began his business career with Arthur Andersen & Co. where he became partner and chairman of its advisory council. He subsequently served as executive vice president and chief financial officer of two multi-billion dollar conglomerates, Northwest Industries, Inc. and Household International, Inc. From 1985 to 1995, he was CEO of Intel Corporation, which merged into Anixter International, a multi-billion dollar wiring products value added reseller, in addition to serving as managing partner of Equity Group Corporate Investments until 2000.



**Adam Day**  
*California State University Trustee  
& Assistant Tribal Manager of Sycuan*

Adam Day is a veteran public administration executive with extensive experience managing the efficient delivery of municipal services, government relations, community outreach, coalition development, and multi-million dollar charitable and media campaigns. Mr. Day is a California State University Trustee and directs government, public and community relations on behalf of the Sycuan Tribe and their affiliated business entities. Mr. Day brings nearly 12 years of experience at the County of San Diego as chief of staff and deputy chief of staff to various members of the Board of Supervisors. He played a significant role in shaping public policy at the local, state and federal levels on matters such as welfare reform, criminal justice, regional transportation planning and land use. He has served on dozens of boards and committees, including the Del Mar Fair Board appointed by Governors Arnold Schwarzenegger and Jerry Brown, the San Diego County Planning Commission and Century Club of San Diego.



**Walt Ekard**  
*Former San Diego County CAO & former  
City of San Diego COO*

Walter F. Ekard is the former Chief Administrative Officer for the County of San Diego and former Chief Operating Officer for the City of San Diego. As the chief executive for the fifth largest county in the United States, Mr. Ekard managed a workforce of over 16,000 employees and an annual budget of \$5 billion. Mr. Ekard was the Board of Supervisors' "first and only choice" for the job because of his experience and strong leadership skills. A native of San Diego County, Mr. Ekard received his Bachelor of Arts degree from San Diego State University and a Juris Doctor degree from the University of San Diego School of Law.



**Aimee Faucett**  
*COO of the San Diego Regional Chamber*

Aimee Faucett has served the communities of San Diego for 18 years while working in the legislative and executive branches of the City of San Diego and voluntarily serves on several nonprofit boards. Today she holds the position of Executive Vice President/Chief Operating Officer for the San Diego Regional Chamber. Prior to joining the San Diego Regional Chamber, Mrs. Faucett was the Deputy Chief of Staff to former Mayor Jerry Sanders and also served as Chief of Staff to former San Diego City

Councilmembers Kevin L. Faulconer and Jim Madaffer. Mrs. Faucett's community service includes serving on the board of directors for the Jacobs Cushman San Diego Food Bank, the American Red Cross San Diego/Imperial Counties Chapter and San Diego State Alumni Association. She is a graduate of San Diego State University and holds a bachelor's degree in Public Administration and is a recipient of the San Diego Business Journal's 2014 "Women Who Mean Business" Award.



**Jason Hughes**  
*President and CEO of Hughes Marino*

Jason Hughes is President and CEO of the largest tenant representation company in San Diego and one of the premier commercial real estate companies in Southern California. Mr. Hughes has been a fixture in San Diego's commercial real estate industry for 26 years, and was appointed as Special Assistant for Real Estate Services to the City of San Diego in 2013. Mr. Hughes represents approximately three quarters of all corporate tenants downtown, and has negotiated some of the largest tenant lease, purchase and development transactions in the region. Over the years, Mr. Hughes has transacted leases and purchases for tens of millions of square feet, including a dozen downtown high-rise office building purchase and sale transactions, two downtown high-rise residential tower purchases, a development of a new office tower and one large hotel transaction.



**Jessie Knight**  
*Executive Vice President of Sempra Energy,  
Chairman of the Board of SDGE*

Jessie J. Knight is board chairman of San Diego Gas & Electric Co. (SDG&E); chairman of Southern California Gas Co. (SoCalGas), an affiliate of SDG&E; and executive vice president of external affairs for Sempra Energy. Before joining Sempra Energy in 2006, Mr. Knight served for seven years as president and chief executive officer of the San Diego Regional Chamber of Commerce.



**Mary Lydon**  
*Executive Director of the Urban Land Institute  
- San Diego-Tijuana*

Mary Lydon is an expert in smart growth, land-use planning, real estate markets, community and stakeholder participation and economic development strategies. She has worked with private-sector developers, public-sector agencies and nonprofit organizations. Ms. Lydon is a former Planning Commissioner for the City of San Diego and has held other

leadership roles on several nonprofit boards over her career. Ms. Lydon attended Harvard University's Kennedy School of Government and completed the Executive Leadership Program in 2010. She also holds a bachelor's degree from the University of Wisconsin, Madison. ULI is an international nonprofit organization focused on research and education. ULI's focus is in developing leaders in the responsible use of land and promoting the creation of sustainable thriving communities worldwide. ULI is a member-based organization with 35,000 members globally.



### **Jim Steeg**

*Former NFL Executive and Chargers Executive Vice President*

Jim Steeg is a former National Football League executive and Chargers Executive Vice President who is credited with growing the Super Bowl from a championship football game into a four-day extravaganza. He has 36 years of experience with the NFL, 26 of those in charge of Super Bowls, where he worked in 70 major stadiums in the United States and around the world. Mr. Steeg's unique experience is marked by working successfully with the multiple constituencies involved in special events and sports management. He has developed a broad range of expertise in dealing with civic, financial and real estate leaders; business, government, college and professional sports, and entertainment; stadium architects; urban planners; traffic and transportation; police; security; and the media.



### **Tony Manolatos**

*CSAG's Spokesman*

Tony Manolatos is an experienced strategist specializing in media relations, crisis communications, community engagement, coalition building, government affairs and public policy. Manolatos has more than 15 years' experience, including a unique blend of public policy, politics and journalism, which shapes the planning of effective and creative strategies. Manolatos owns and operates Apex Strategies, a San Diego-based public affairs firm that services public agencies and officials, businesses, non-profits, and others. Prior to starting Apex Strategies, Manolatos served as a deputy chief of staff and communications director to Councilman Kevin Faulconer. Before that he worked as an investigative reporter at the *San Diego Union-Tribune*, capping an award winning journalism career that spanned more than a decade.



# Key Dates

## **December 14, 2014:**

San Diego Mayor Kevin L. Faulconer writes NFL Commissioner Roger Goodell, requesting an opportunity to discuss the stadium issue in San Diego.

## **January 14, 2015:**

During State of the City, Mayor Faulconer announces stadium issue will be resolved on his watch.

## **January 30, 2015:**

Mayor Faulconer announces formation of Citizens' Stadium Advisory Group (CSAG).

## **February 22, 2015:**

Chargers owner Dean Spanos and Mayor Faulconer meet and agree to move up CSAG's deadline to 90 days.



## **March 2, 2015:**

CSAG holds public forum at Qualcomm Stadium that draws about 3,000 people.

## **March 12, 2015:**

CSAG selects Mission Valley site over Downtown.

## **March 19, 2015:**

CSAG chair Adam Day and member Aimee Faucett testify to the City Council's

Economic Development Committee about the committee's progress and next steps.

## **March 2015:**

Members of CSAG meet with the architects who designed AT&T stadium, Lucas Oil stadium, and are designing the stadium under construction in Minneapolis, as well as the one planned for Inglewood. CSAG members also meet with builder who built Levi's Stadium, and investors interested in funding a new stadium in San Diego.

## **March 2015:**

CSAG members Mary Lydon, Jim Steeg and Jessie Knight assemble a team of designers and land use experts to look deeper into the development of Mission Valley and a new Chargers Stadium. Representatives with the San Diego River Park Foundation and Mission Valley Planning Group are a part of this team.

## **March 2015 – April 2015:**

CSAG meets with fan groups, including Save Our Bolts and Bolt Pride, Chargers alumni, and other stakeholders, including representatives with the County of San Diego and San Diego State University. The committee also meets with developers interested in the 166-acre Mission Valley site.

## **March 26, 2015:**

Mayor Faulconer, City Attorney Jan Goldsmith, San Diego County Supervisors Dianne Jacob and Ron Roberts, and City Councilmembers Myrtle Cole and Scott Sherman announce a partnership between the City and County to work collaboratively and share consultant costs (up to \$500,000) for a potential new stadium for the Chargers. The County Board of Supervisors and City Council each have since unanimously approved this expense.

## **April 6, 2015:**

CSAG speaks with NFL Executive Vice President Eric Grubman in advance of his visit to San Diego on April 14.

## **April 14, 2015:**

Mr. Grubman and Mark Fabiani met with CSAG's Adam Day, Jason Hughes, Jessie Knight, Walt Ekard, and Tony Manolatos in downtown San Diego. Mr. Grubman said CSAG and/or the City will be given the opportunity to present to the "Committee on Los Angeles Opportunities" made up of six NFL owners. That meeting will likely occur sometime this summer.

## **April 20, 2015:**

City and County finalize contracts with investment firm, outside attorneys, and financial advisor to represent City/County during negotiations with Chargers.

# Design Narrative

## Stadium has a ‘California convertible’ feel



MEIS renderings.

By Dan Meis

San Diego’s sunny and mild climate provided us with the opportunity to design a multi-purpose, state-of-the-art stadium that would be both unique in the NFL and a home field to the San Diego Chargers unmatched by any other stadium on the planet in its ability to be completely evocative of the environment of which it is born.

The temperate climate allowed us to design a building that is far more open in nature. Concourses, club areas, lobbies—areas that are traditionally enclosed and electronically heated or cooled—can in this climate often be open air, or significantly less weather protected than in a northern climate.

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The ability to forego the facade wrapping that most stadiums of this size require reduces both the capital and operating cost of the venue, while enhancing the fan experience by providing a truly unique-to-San Diego venue.

The natural landscape of San Diego became a critical part of the architecture with the integration of native species of trees and flowers providing a natural tie to the site.

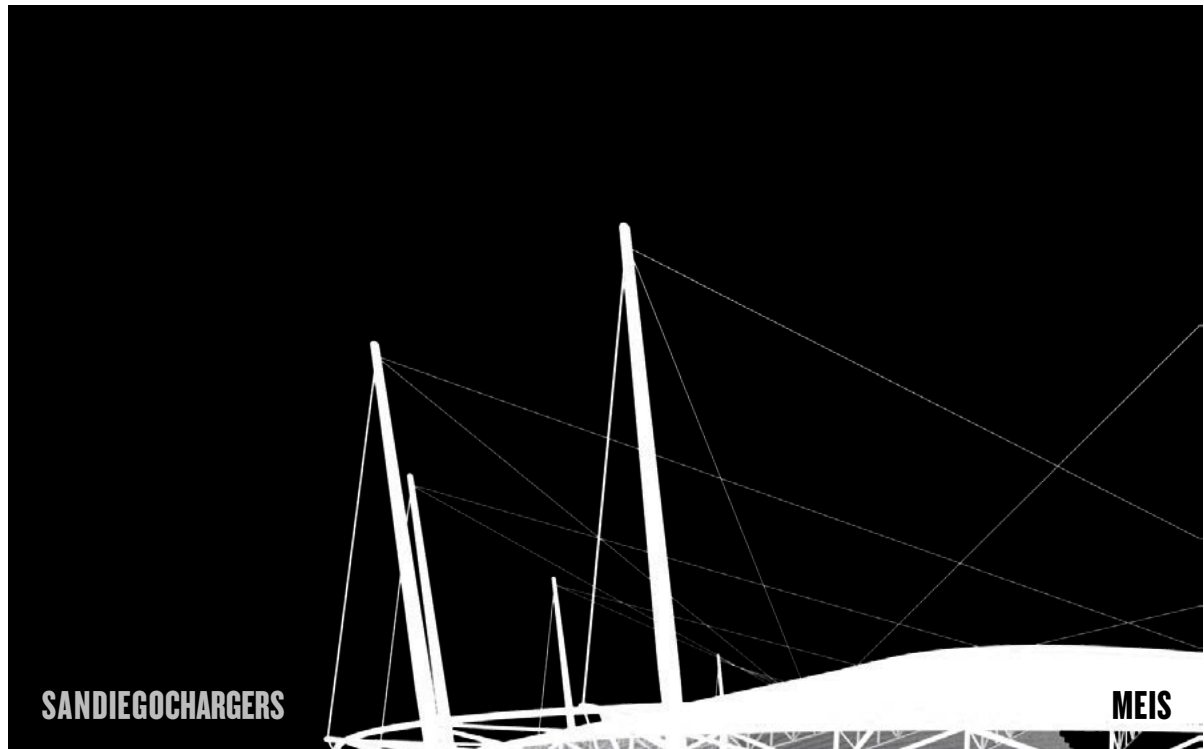
The defining design feature of the proposed stadium is a sun canopy we have dubbed “the Helios”. Helios, the personification of the sun in Greek mythology, here is a fabric canopy employed specifically to shade the seating bowl from the San Diego sun while maintaining an open-to-the-sky, “California convertible” feel. The form of the canopy is derived from a sophisticated computer simulation of the sun angles throughout the seasons at this specific geographic location. The canopy provides an added benefit in acoustical enhancement, capturing crowd noise, and allowing for sound and lighting distribution, ensuring a raucous home-field advantage and state-of-the-art broadcast conditions.

The steel, fabric, and cable structure MEIS designed are instantly evocative of the masts and rigging of the sailboats so identified with the San Diego lifestyle. The design is at once simple and instantly iconic. The shape of the seating bowl reflects the desired sideline orientation of the majority of seating and the best site lines in the NFL. Regular capacity of 65,000 seats is easily expanded to 72,000 for Super Bowls and other major events through the addition of temporary end zone seating sections.

This design allows for one of the most cost-effective stadiums of its size in the world while providing a uniquely San Diego experience and an instantly recognizable, iconic addition to the region.

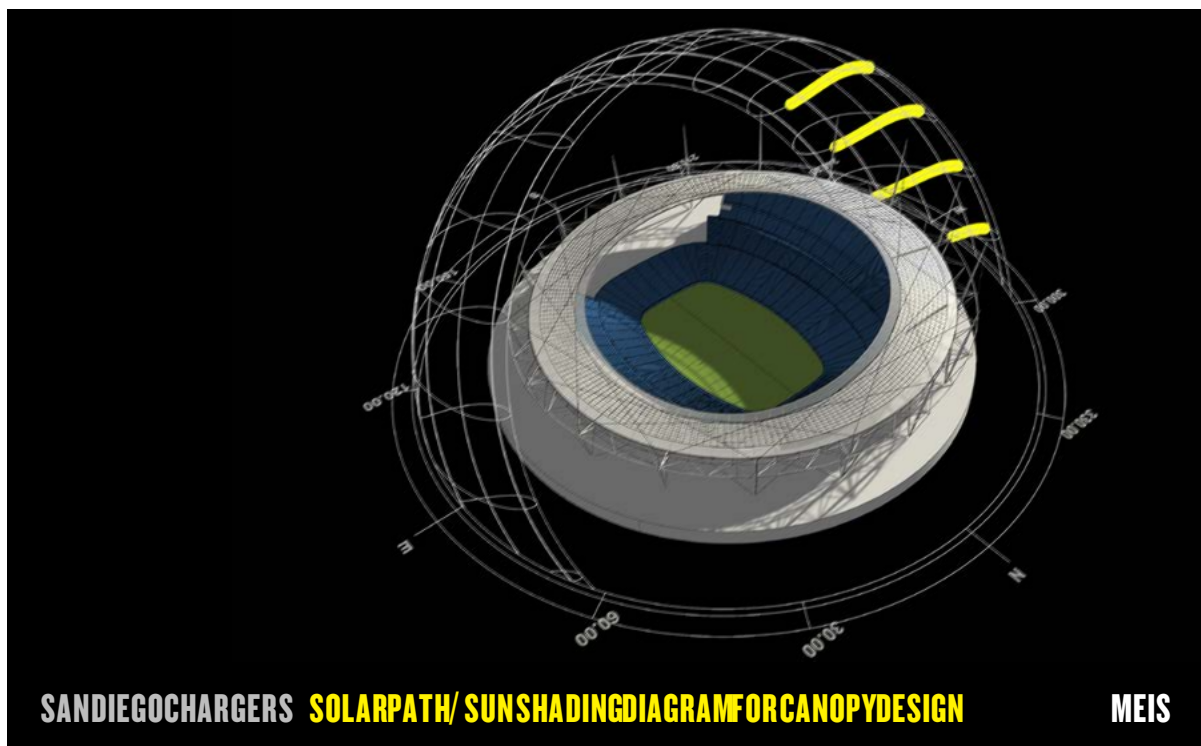
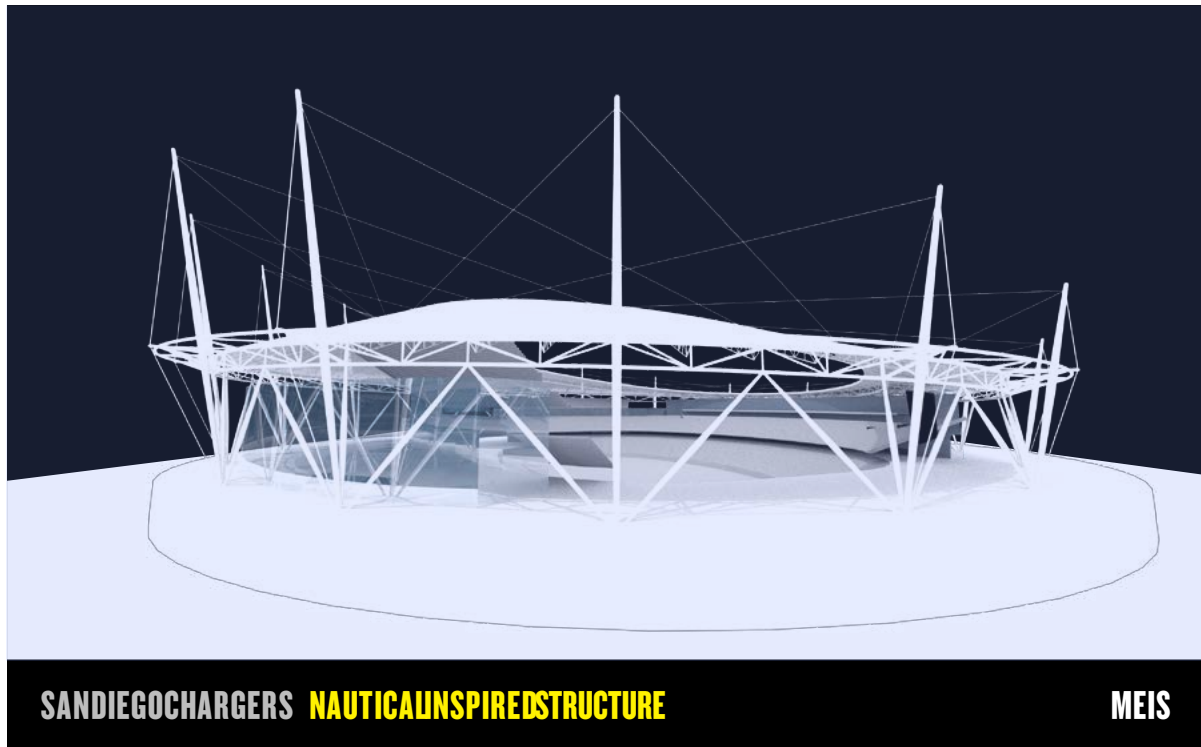
*Dan Meis is the founder and managing principal at MEIS, a New York-based stadium architecture and design firm.*

## PAGES FROM MEIS REFERENCE PRESENTATION:





PAGES FROM MEIS  
REFERENCE PRESENTATION:

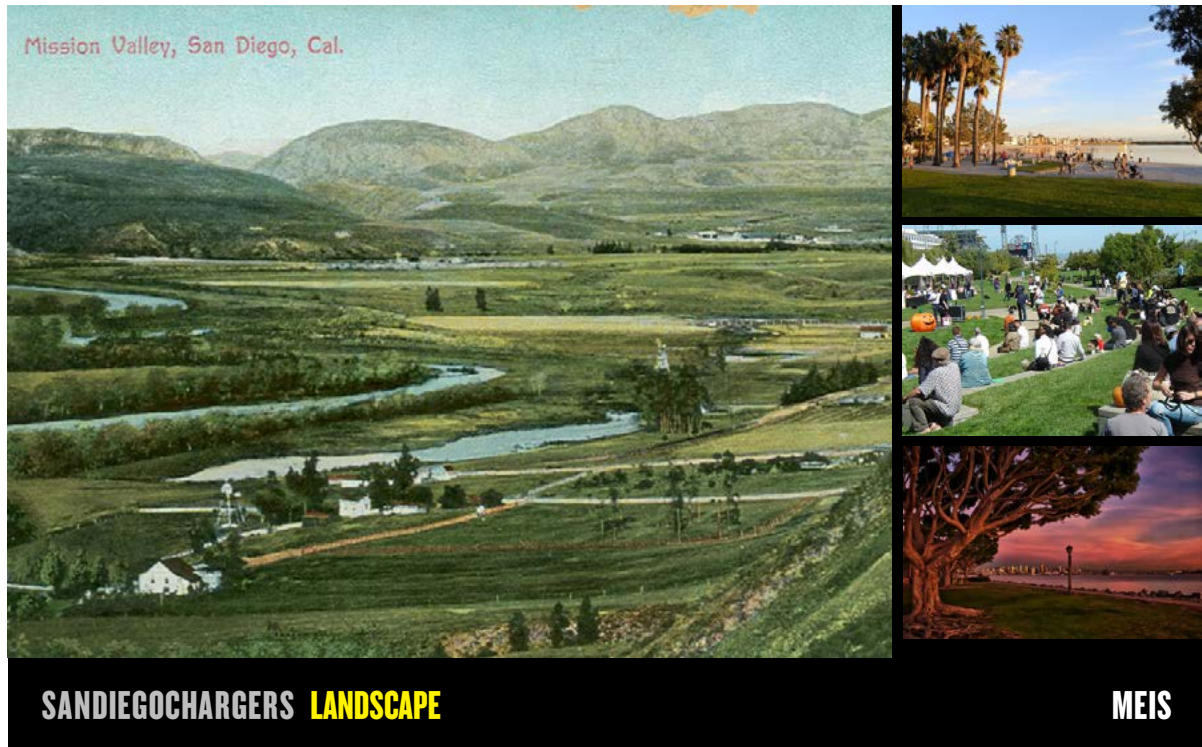


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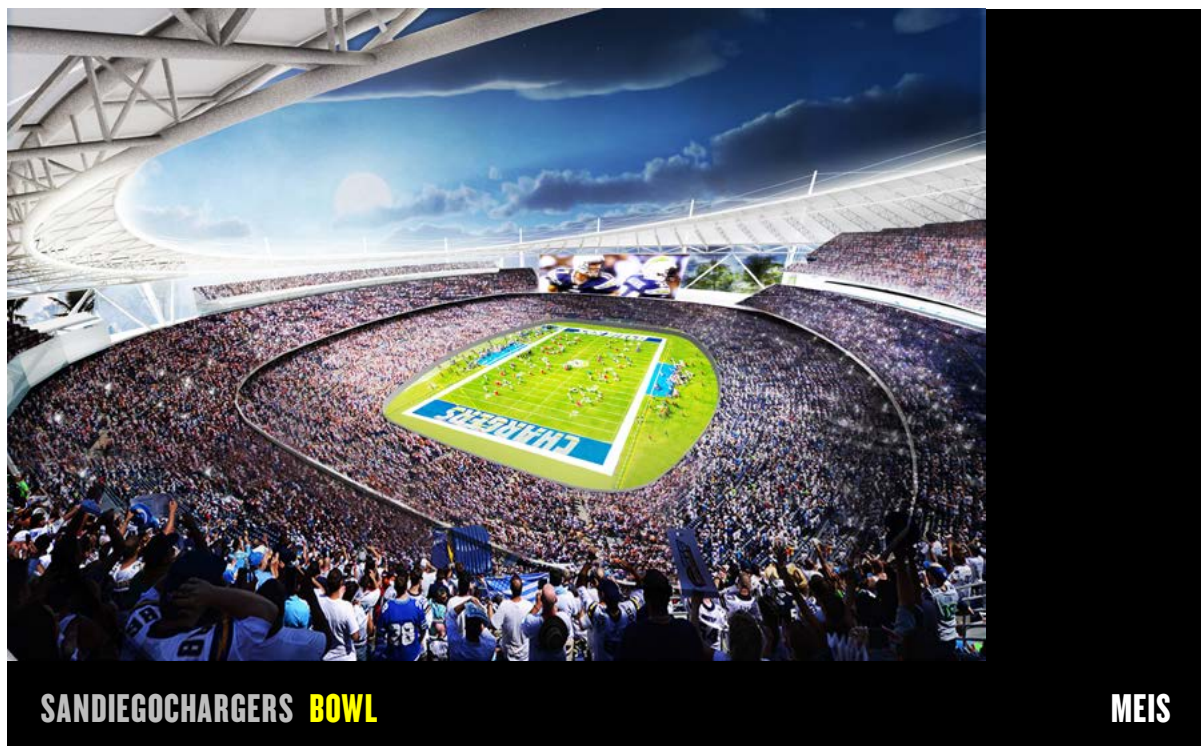


**PAGES FROM MEIS  
REFERENCE PRESENTATION:**





**PAGES FROM MEIS  
REFERENCE PRESENTATION:**





PAGES FROM MEIS  
REFERENCE PRESENTATION:



**SANDIEGOCHARGERS BOWL\_MULTI-USE\_SOCKER**

**MEIS**



**SANDIEGOCHARGERS BOWL\_MULTI-USE\_CONCERT**

**MEIS**

# National Stadium Assessment

In developing a fair and workable financing plan to jump-start negotiations between the City, County and Chargers, CSAG examined financing plans for several NFL stadiums, zeroing in on seven projects for the purposes of this report.

Four of the seven stadiums opened within the last 10 years—Lucas Oil Stadium in Indianapolis, AT&T Stadium in Dallas, MetLife Stadium in New York, and Levi’s Stadium in Santa Clara. Two others are under construction, one in Minnesota and the other in Atlanta. And one, in St. Louis, was recently proposed.

CSAG received cost assessments from the NFL in April 2015<sup>1</sup> for six of the stadiums, and relied on a recent news report<sup>2</sup> highlighting the proposed stadium in St. Louis.

Stadium	Year Opened	Total Cost (Stadium and Supporting Infrastructure)
Atlanta Proposed	Proposed: 2017	Estimated - \$1.4 Billion
Minnesota Stadium	Proposed: 2016	Estimated - \$1.07 Billion
Levi’s Stadium	2014	\$1.3 Billion
MetLife Stadium	2010	\$1.6 Billion
AT&T Stadium	2009	\$1.3 Billion
Lucas Oil Stadium	2008	\$720 Million
St. Louis Proposed	n/a	Estimated - \$1 Billion

The financing models used to pay for the stadiums relied on a mix of public and privately financed bonds, paid back through revenue accrued from PSLs, tenant rental agreements, concessions, TOT, and naming rights, among other location-specific sources of revenue.

<sup>1</sup> “Publicly-available news articles.”

<sup>2</sup> Young, Virginia. “Study: State would see payoff from building stadium for Rams.” St. Louis Today. Web. March 9, 2015. <[http://www.stltoday.com/news/local/govt-and-politics/study-state-would-see-payoff-from-building-stadium-for-rams/article\\_2edfa1b8-7025-5b4e-9078-bb1ddb554da1.html](http://www.stltoday.com/news/local/govt-and-politics/study-state-would-see-payoff-from-building-stadium-for-rams/article_2edfa1b8-7025-5b4e-9078-bb1ddb554da1.html)>.



## MINNESOTA

The Minnesota Vikings stadium will require a public contribution of approximately “\$498 million in State appropriation bonds backed by proceeds from State authorized non-sports charitable gaming (\$348 million) and City of Minneapolis Convention Center taxes (\$150 million).<sup>3</sup> Private contribution is estimated to be approximately \$574 million.<sup>4</sup> Bonds are expected to be paid through PSLs, the license which entitles a season ticket holder to maintain exclusive rights over their seat(s), to average \$2,500.<sup>5</sup>

While the “Vikings will have the exclusive right to sell and profit from a pair of naming-rights deals for the new stadium and adjacent fan plaza,”<sup>6</sup> as well as revenue accrued from advertising and concessions, the team will be asked to pay rent starting at \$8.5 million. The team’s annual rent is expected to grow at a rate of “three percent a year until reaching \$20 million in the Year 30. Additionally, the team must put \$1.5 million into a capital improvement account in Year One; that gradually rises to \$3.5 million by the 30th year.”<sup>7</sup> During non-football days, the stadium is expected to be used for concerts, political conventions, fantasy football events and amateur sports games.

## ATLANTA

Atlanta’s stadium is expected to be backed by a public contribution of “\$200 million in City of Atlanta bonds backed by a 2.75% County hotel tax,”<sup>8</sup> and a private contribution of \$835 million.<sup>9</sup> “Additional hotel-motel tax money will go to the Falcons to help offset costs of maintaining and operating the stadium.”<sup>10</sup> The remaining \$1 billion will be paid through a combination of the team (\$800 million), the NFL (\$200 million) and PSLs. “The Falcons also intend to recoup some of their contribution through naming rights and other sponsorships.”<sup>11</sup> All stadium revenue will be retained by the Falcons; however, the team must “pay the Georgia World Congress Center Authority \$2.5 million in annual rent, escalating 3 percent per year,” for 25 years.<sup>12</sup> It is important to note that the team must cover all operational costs and capital maintenance expenses, which can be offset by excess TOT revenue.

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3 “Publicly-available news articles.”

4 “Publicly-available news articles.”

5 “8 Details You Need to Know About the New Vikings Stadium Agreement.” *Associated Press*, October 8, 2013. <<http://www.vikings.com/news/article-1/8-Details-You-Need-To-Know-About-The-New-Vikings-Stadium-Agreement/08cc31bc-3b4e-4955-8a26-e612d80f9b7f>>.

6 “8 Details You Need to Know About the New Vikings Stadium Agreement.” *Associated Press*, October 8, 2013. <<http://www.vikings.com/news/article-1/8-Details-You-Need-To-Know-About-The-New-Vikings-Stadium-Agreement/08cc31bc-3b4e-4955-8a26-e612d80f9b7f>>.

7 “8 Details You Need to Know About the New Vikings Stadium Agreement.” *Associated Press*, October 8, 2013. <<http://www.vikings.com/news/article-1/8-Details-You-Need-To-Know-About-The-New-Vikings-Stadium-Agreement/08cc31bc-3b4e-4955-8a26-e612d80f9b7f>>.

8 “Publicly-available news articles.”

9 “Publicly-available news articles.”

10 Tucker, Tim. “Comparing Braves, Falcons stadium deals.” *The Atlanta Journal-Constitution*, November 14, 2013. <<http://www.ajc.com/news/news/comparing-braves-falcons-stadium-deals/nbsX6/>>.

11 Tucker, Tim. “Comparing Braves, Falcons stadium deals.” *The Atlanta Journal-Constitution*, November 14, 2013. <<http://www.ajc.com/news/news/comparing-braves-falcons-stadium-deals/nbsX6/>>.

12 Tucker, Tim. “Comparing Braves, Falcons stadium deals.” *The Atlanta Journal-Constitution*, November 14, 2013. <<http://www.ajc.com/news/news/comparing-braves-falcons-stadium-deals/nbsX6/>>.

## DALLAS

AT&T Stadium, located in Arlington, a suburb approximately 20 miles outside of Dallas, incorporates a public contribution of \$465 million, \$325 million of which stems from “City of Arlington bonds; annual debt service backed by a 0.5% sales tax increase, 2% hotel tax increase, and 5% car rental tax increase.”<sup>13</sup> Admission and parking taxes will make up \$115 million with an additional \$25 million County contribution. A private contribution from the Cowboys of \$835 million paid for the majority of the project.

## INDIANAPOLIS

Lucas Oil Stadium received a public contribution of “620 million in State bonds; annual debt service backed by increase in restaurant tax (1% to 2%), and other possible sources including hotel tax, car rental tax, admission tax, and ticket tax.”<sup>14</sup> Private funding was provided at \$100 million.

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HKS Architects designed Lucas Oil stadium and met with CSAG members, sharing with the committee that among the NFL’s 32 teams, the Indianapolis Colts ranked 27<sup>th</sup> in league-wide revenues prior to the construction of the new stadium. Following the construction of Lucas Oil Stadium, according to HKS, the team rose to 11<sup>th</sup>.

## NEW YORK

MetLife stadium is unique in that it is 100% privately financed, however some public funds were spent on infrastructure upgrades totaling \$250 million.<sup>15</sup> The Jets and Giants shared the \$1.6 billion stadium price tag<sup>16</sup>, and split the naming rights revenue for 25 years, worth \$17 million to \$20 million annually.<sup>17</sup>

## SANTA CLARA

Levi’s Stadium, home to the San Francisco 49ers, was constructed with a public contribution of \$114 million, and private contribution of \$1.2 billion. Public funding came from a \$40 million Redevelopment Authority investment, \$35 million from a City of Santa Clara Community Facilities District (CFD) hotel tax, and \$37 million City of Santa Clara offsite project funding.<sup>18</sup> The 49ers will receive “\$220 million over 11 years for the naming rights to Levi’s Stadium.”<sup>19</sup>

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13 “Publicly-available news articles.”

14 “Publicly-available news articles.”

15 “Publicly-available news articles.”

16 “NFL Teams Sold an Average of 48,200 Personal Seat Licenses Last Season.” Sports Business Daily. September 8, 2011. <<http://www.sportsbusinessdaily.com/Daily/Issues/2011/09/08/NFL-Season-Preview/PSLs.aspx>>.

17 Sandomir, Richard. “Giants-Jets Home Now MetLife Stadium.” The New York Times. August 23, 2011. <[http://www.nytimes.com/2011/08/24/sports/football/metlife-signs-naming-rights-deal-with-jets-and-giants.html?\\_r=0](http://www.nytimes.com/2011/08/24/sports/football/metlife-signs-naming-rights-deal-with-jets-and-giants.html?_r=0)>.

18 “Publicly-available news articles.”

19 Bien, Louis. “49ers’ Levi Stadium the 3rd-biggest naming rights deal in American sports.” SB Nation. May 8, 2013. <<http://www.sbnation.com/nfl/2013/5/8/4313344/49ers-levis-stadium-biggest-naming-rights-contracts>>.

## ST. LOUIS (PROPOSED STADIUM)

With efforts to move the Rams to Los Angeles, the St. Louis Stadium Task Force has proposed a 90-acre, 64,000-seat stadium, without a roof. While few details have been released, it is estimated that “the new stadium would cost nearly \$1 billion, with as much as \$405 million paid by taxpayers.”<sup>20</sup> These costs would largely “come from extending payments that now go to pay off debt on the Edward Jones Dome. Of that, the state pays \$12 million a year.”<sup>21</sup> Some expect the stadium to bring in approximately “\$50 million in tax credits from the Missouri Development Finance Board and the state’s Brownfield program, which covers the cost of cleaning up contaminated sites.”<sup>22</sup>

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20 Young, Virginia. “Study: State would see payoff from building stadium for Rams.” *St. Louis Today*. Web. March 9, 2015. <[http://www.stltoday.com/news/local/govt-and-politics/study-state-would-see-payoff-from-building-stadium-for-rams/article\\_2edfa1b8-7025-5b4e-9078-bb1ddb554da1.html](http://www.stltoday.com/news/local/govt-and-politics/study-state-would-see-payoff-from-building-stadium-for-rams/article_2edfa1b8-7025-5b4e-9078-bb1ddb554da1.html)>.

21 Young, Virginia. “Study: State would see payoff from building stadium for Rams.” *St. Louis Today*. Web. March 9, 2015. <[http://www.stltoday.com/news/local/govt-and-politics/study-state-would-see-payoff-from-building-stadium-for-rams/article\\_2edfa1b8-7025-5b4e-9078-bb1ddb554da1.html](http://www.stltoday.com/news/local/govt-and-politics/study-state-would-see-payoff-from-building-stadium-for-rams/article_2edfa1b8-7025-5b4e-9078-bb1ddb554da1.html)>.

22 Young, Virginia. “Study: State would see payoff from building stadium for Rams.” *St. Louis Today*. Web. March 9, 2015. <[http://www.stltoday.com/news/local/govt-and-politics/study-state-would-see-payoff-from-building-stadium-for-rams/article\\_2edfa1b8-7025-5b4e-9078-bb1ddb554da1.html](http://www.stltoday.com/news/local/govt-and-politics/study-state-would-see-payoff-from-building-stadium-for-rams/article_2edfa1b8-7025-5b4e-9078-bb1ddb554da1.html)>.